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SOLDIERS' ADJUSTED COMPENSATION

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

THIRD SESSION

ON

H. R. 14157

ACT TO PROVIDE ADJUSTED COMPENSATION FOR VETERANS
OF THE WORLD WAR; TO PROVIDE REVENUE THEREFOR;
AND FOR OTHER PURPOSES

PART 1

Printed for the use of the Committee on Finance



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SOLDIERS' ADJUSTED COMPENSATION.

WEDNESDAY, DECEMBER 15, 1920.

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to the call of the acting chairman, in the committee room, Capitol, at 10.30 o'clock a. m., Senator Porter J. McCumber presiding.

Present: Senators McCumber (acting chairman), Smoot, La Follette, Dillingham, McLean, Curtis, Watson, Calder, Sutherland, Simmons, Gore, and Nugent.

Present also: Frederick W. Galbraith, jr., national commander, American Legion, Cincinnati, Ohio; John G. Emery, vice commander, Michigan; John Lewis Smith, District of Columbia, member of the national legislative committee of the American Legion; Gilbert Bettman, chairman of the national legislative committee of the American Legion; John Thomas Taylor, vice chairman national legislative committee; S. Lovenbein, chairman Rank and File Veterans' Association, 602 F Street NW., Washington, D. C.; Robert G. Woodside, commander in chief Veterans of Foreign Wars, Pittsburgh, Pa.; Maj. Clifford Cox, Veterans of Foreign Wars, Washington, D. C.; Edward H. Hale, chairman national legislative committee, Veterans of Foreign Wars, Metropolitan Bank Building, Washington, D. C.

Senator McCUMBER. The committee will please come to order. The committee has under consideration H. R. 14157, an act to provide adjusted compensation for veterans of the World War, and to provide revenue therefor, and for other purposes.

A number of gentlemen have sought to be heard on this bill before the committee. I do not know what arrangement has been made between those desiring to be heard as to which ones shall first give testimony in the matter. I leave that entirely to them, and if some of you gentlemen present will suggest who will be heard at this time I shall call upon them.

STATEMENT OF MR. JOHN THOMAS TAYLOR, VICE CHAIRMAN NATIONAL LEGISLATIVE COMMITTEE, AMERICAN LEGION.

Mr. TAYLOR. The American Legion is desirous of presenting its argument first, Mr. Chairman.

Senator McCUMBER. Very well; through whom?

Mr. TAYLOR. Through the chairman of the national legislative committee, Mr. Gilbert Bettman, of Ohio, and the national commander, Col. F. W. Galbraith, jr.

At this time, Mr. Chairman and gentlemen of the Senate Finance Committee, on behalf of the American Legion and the other veteran organizations here to-day, I desire to express our appreciation for this early opportunity you have given us to appear on the adjusted compensation bill.

The American Legion is composed of more than 2,000,000 men and women who have seen service in the World War. They are unanimous on this adjusted compensation bill, and at their recent convention in Cleveland, held September 27, 28, and 29, the delegates from every State throughout the country, after full discussion on the floor of the convention, adopted the following resolution. [Reading:]

Resolved, That the American Legion, in national convention here assembled, gives its unqualified approval of House bill No. 14157, which passed the House of Representatives by a vote of 289 to 92 May 29, 1920, and which is now pending before the Senate, and which provides for the optional plan of either—

1. Adjusted service pay, based on length of service;
2. Adjusted service certificates maturing in 20 years, based on length of service;
3. Vocational training;
4. Farm or home aid; or
5. Land settlement, for which 31 States have already made, through their State legislatures, provision for cooperation: And be it further

Resolved, That the American Legion, in national convention here assembled, commends and approves the action of the national executive committee and the national beneficial legislative committee in formulating and presenting this adjusted compensation legislation to Congress: And be it further

Resolved, That the American Legion, in national convention assembled, hereby directs the national executive committee to take such action as it may deem necessary to insure the prompt passage of this bill.

Our presentation to-day, gentlemen, will be limited, and I desire to present first the chairman of the national legislative committee, Mr. Gilbert Bettman, of Ohio.

STATEMENT OF MR. GILBERT BETTMAN, OF OHIO, CHAIRMAN OF NATIONAL LEGISLATIVE COMMITTEE OF THE AMERICAN LEGION.

MR. BETTMAN. Mr. Chairman and gentlemen of the committee, I appear as a representative of the American Legion, as chairman of the national legislative committee of that body. I appreciate that in talking here we are at the engine room of the ship of state, and what you want, gentlemen, is fuel of thought and not hot air.

We come here in a spirit of helpfulness, to try to offer the point of view of the American Legion, as representing 2,000,000 men and women in its own body, and we believe also representative of the 4,500,000 who were in the service.

I think we can be of assistance if I should say a word to this committee by way of introduction of the history of this legislation. Maybe I will say some things that you already know. But you are busy men, and possibly the exact history of how this originated and what part the American Legion has played may not have come directly to your knowledge. The first act of the American Legion on this question of adjusted compensation was done in the fall of 1919, when the first regular convention of the American Legion was held, and at that time an effort was made by some to have the American Legion go on record as requesting an adjustment of compensation from the Congress of the United States.

The American Legion at that time refused to do that. The point of what they did was this: The American Legion said that it was for Congress to determine what, if any, adjustment should be made of compensation. The resolution—and I want to give you these facts, because I think they are fundamentals and will give you the setting and the background of this question was (reading):

Be it resolved, That while the American Legion was not founded for the purpose of promoting legislation in its selfish interest, yet it recognizes that our Government has an obligation to all service men and women to relieve the financial disadvantages incidental to their military service—an obligation second only to that of caring for the disabled and the widows and orphans of those who sacrificed their lives and one already acknowledged by our Allies—but the American Legion feels that it can not ask for legislation in its selfish interest, and leaves with confidence to Congress the discharge of this obligation.

That was the position of this representative soldier body in November of 1919. Thereafter bills were introduced in Congress by various Representatives in Congress for divers kinds of soldier beneficial legislation, some bills providing for loans, some for farm aid, some for cash—indeed, the number of those bills amounted in the early spring of 1919 to 79, I think. These bills, because they provided for necessary payments by the Government, were referred by the House of Representatives to the Committee on Ways and Means, and in the spring of 1919 the Committee on Ways and Means invited and asked the American Legion to appear before it and to express the views of the American Legion on what form of beneficial legislation the American Legion thought would best meet the needs of the men and best preserve the interests of the country.

So the American Legion came to the lower House of Congress, at the invitation of the House, and did what it could to bottle neck through to the Ways and Means Committee the views of the American Legion and the views of the ex-service men and women. And to that end the national beneficial legislative committee was formed, which committee, instead of simply announcing policies and determining upon generalities, thought it could be of greater assistance to the House of Representatives by actually putting into the form of a bill its conclusions on what form of beneficial legislation would meet the needs of the hour; and it devised—that national beneficial committee of the American Legion—that fourfold optional plan of beneficial legislation which is the nub and substance and structure of the bill which has been passed by the House of Representatives.

In order to make sure that that plan did meet the needs and did express the views of the entire body of the American Legion, the report of that committee was submitted to the executive committee of the American Legion—men from all over the United States; and then a poll was taken in the various departments of the American Legion in each State, to get the views and the reactions to that bill of this entire body of men; and the American Legion executive committee—

Senator SIMMONS (interposing). What do you mean by the “various departments”? I would be very glad to have you explain what those departments are, so that we may see to what extent canvass was had and what opportunity was afforded for measuring the sentiments of your membership.

MR. BETTMAN. I am glad you asked that question, Senator. The departments are simply subdivisions of the Legion which are co-terminous of the States; for example, the Ohio department, the New York department, etc.; and there is a department in every State of the Union. There are departments overseas, in France and Great Britain and in the Philippines.

Senator SIMMONS. You mean there is a sort of executive committee in each State, with jurisdiction in that State?

MR. BETTMAN. Yes; made up, however, of the local posts. There are 10,000 posts in the United States of the American Legion—I think it is 9,800 and something.

Senator LA FOLLETTE. That includes the entire membership?

MR. BETTMAN. That includes the entire membership. So there is the national body, the State body, and the local posts.

Senator SIMMONS. The posts are local organizations?

MR. BETTMAN. They are local organizations.

Senator SIMMONS. Of the service men?

MR. BETTMAN. Yes; and women.

Senator SIMMONS. Do you mean to say that this plan which you outlined was submitted to each local post?

MR. BETTMAN. The views of the local posts were bottle necked through to the departments and through the departments, just exactly as in any well-organized procedure.

Senator SIMMONS. How was the sentiment of the local posts expressed? Was it expressed by direct action on the part of the membership of that post in convention or meeting assembled?

MR. BETTMAN. Every year, Senator, there are conventions held in the various departments, and these conventions ratified the acts of the national executive committee and the acts of the committees that proposed this legislation.

Senator SIMMONS. Those are State conventions?

MR. BETTMAN. Those are State conventions. And then since that time the entire body has met. These hearings before the Committee on Ways and Means were in May of this year, and in September of this year the entire action of the Legion was put up to the national convention, which was held in September at Cleveland, and there again the action of the American Legion was ratified.

Senator SIMMONS. I understood you to say it was ratified by the national convention and by the State conventions. But what I had in mind in asking the question was whether this matter had also been submitted to the local posts throughout the country, and what was the action of the local posts, if any?

MR. BETTMAN. The local posts were all represented in the State or the department—

Senator SIMMONS (interposing). By their delegates?

MR. BETTMAN. By their delegates to the State.

Senator SIMMONS. That answers it.

Senator LA FOLLETTE. The local posts were not supplied with copies of the bill?

MR. BETTMAN. Oh, my, yes; of course, they were.

Senator SIMMONS. They did not act as local posts, except through their representatives in the State convention?

MR. BETTMAN. There was a poll taken after the first meeting of the executive committee, and there was a practical polling of every

post in the United States. Of course, do not understand me to say that there is absolutely no one in the United States in the American Legion that might hold a different view; I am not saying that.

Senator SIMMONS. Oh, no.

Mr. BETTMAN. But we are saying that the national convention, the national executive committee, and the posts through their representatives in the State departments have all ratified and approved this action. I think if anything can be considered to be the unanimous opinion of the American Legion, the approval of that bill proposed to the lower House represented that approval. I think the vote in the executive committee the first time was 47 to 4. There was a dissent on the part of some members in the South because of the particular problems they have there, which, of course, you gentlemen can readily infer. But when the matter came up the last time it was voted upon in the national convention—and certainly national conventions voice the sentiments of any organization—it was approved by the national convention with only the dissenting vote of South Carolina.

So it may be said with conviction that the bill as presented to the Ways and Means Committee was the voice of this representative body—the American Legion—and represented the service men.

Senator NUGENT. Is it not true that copies of this bill were furnished to the local posts of this organization throughout the country, and that those local posts by resolution or otherwise ratified and requested the passage of this bill and instructed their delegates to the State convention to take such action?

Mr. BETTMAN. That is absolutely true; and that is the way that the vote was taken of the delegates to the departments.

Now, then, in the American Legion, in taking this action—I want to stress this point by way of introduction very, very strongly—I think that this committee should know that the American Legion has never taken a selfish attitude on this question. They do not regard themselves as representing merely the service men. They are representative, they think, of the people of the United States as well as the service men, and every action which the American Legion has undertaken in its history has been with a sense of double obligation—first to their own comrades as well as to the Nation at large. Therefore, I do not think that the views of the American Legion can be dismissed as simply the view of a partisan element in the body politic.

I want to read to you, gentlemen, the preamble to the constitution of the American Legion, and as you hear those words I want you to realize that they are not empty sounds in the life of the American Legion; they are the real keynote of the action of that body, and I say that with all the conviction that I can muster. [Reading:]

For God and country, we associate ourselves together for the following purposes:

To uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate a one hundred per cent Americanism; to preserve the memories and incidents of our association in the Great War; to inculcate a sense of individual obligation to the community, State, and Nation; to combat the autocracy of both the classes and the masses; to make right the master of might; to promote peace and good will on earth; to safeguard and transmit to posterity the principles of justice, freedom, and democracy; to consecrate and sanctify our comradeship by our devotion to mutual helpfulness.

Now, the American Legion's action in answering this inquiry of the House of Representatives as to what form of beneficial legislation would best meet the needs of the hour was not given in a selfish spirit of getting something for the service men, but in a spirit of trying to decide the question for the good of the men and for the good of the country.

This bill was therefore presented after that careful action of this body, which has the power of bringing to an exact focus the views of 2,000,000 men, and this bill presented to the House—this four-fold optional plan, as it was called, which provided for an adjustment of compensation by home aid or farm aid, by land project, by vocational training, or by a cash payment. The structure of that bill was adopted by the Ways and Means Committee.

Senator SIMMONS. You say "cash payment." I have not examined the bill very carefully.

Mr. BETTMAN. Yes.

Senator SIMMONS. Do you mean pay down in money immediately, or in using the word "cash" do you mean something that represents cash?

Mr. BETTMAN. Yes; pay in cash.

Senator SIMMONS. To be paid in the future?

Mr. BETTMAN. No; paid now. That is the first alternative in this optional plan.

That bill was, as I say, presented, and I think it can be said without egotism on the part of the American Legion that though their hearings were on this bill which is before you gentlemen, the record of which, I think, represents 780 pages, the American Legion occupied just 47 pages of that 787. And yet the work that had been done by the legion in presenting this bill was the work which was accepted by the Ways and Means Committee and found its way, in all substantial particulars, into the bill which was passed by the House by a vote of 289 to 92.

Now, then, with these introductory statements I want to give just a sketch of the bill itself, so that you gentlemen may get an idea—

Senator McLEAN. Just a minute before you proceed with that. I have not followed the recent developments with regard to the different interests which some time ago seemed to be very much concerned with this legislation. I just notice, however, on page 37 of these House hearings, that Mr. Hale remarks:

Our friends the American Legion have advocated a selective program. The Veterans of Foreign Wars emphatically dissent from this proposition.

I understand the Veterans of Foreign Wars to be a separate organization of 750,000 or more?

Mr. BETTMAN. Yes.

Senator McLEAN. I have not read these hearings in full, but I would like to know whether there are separate organizations, like the one represented by the Veterans of the Foreign Wars, who are still protesting against the proposal of the American Legion?

Mr. BETTMAN. There are two points to that question. Answering your first point, Are there separate organizations? the answer is: Yes; there are separate organizations of veterans; the American Legion is not the only organization. But the American Legion thinks that it is very representative of the service men. There are other

organizations, and one of them is the organization which you name—the Veterans of Foreign Wars—who, hearing of this meeting this morning, which we were invited to attend, are also here, and I understand from those gentlemen that they are back of this same bill which the House passed.

Senator McLEAN. Then there is a general agreement at this time between all the parties at interest?

Mr. BETTMAN. I think that I can say there is. The attitude mostly has been in regard to the other organizations; we welcome their co-operation and wish long life to them, and doubtless as long as they are of service they will live. But I have been stressing just the part which the American Legion has played in order to help Congress to arrive at a solution of this question.

Senator McCUMBER. Just please tell the committee who compose the membership of the American Legion—men who fought in all the foreign wars?

Senator McLEAN. I do not mean just this war, but other wars?

Mr. BETTMAN. And exists for the others, not only——

Senator McLEAN (interposing). Is that true?

Mr. BETTMAN. It includes the Spanish-American War veterans——

Senator McLEAN (interposing). And veterans of the Civil War?

Mr. BETTMAN. No; that was not a foreign war.

Senator McLEAN. As I understand it the Veterans of Foreign Wars is composed largely of men who did foreign service in the last war?

Mr. BETTMAN. Of course the American Legion is composed that same way.

Senator McLEAN. That includes those who served on this side as well as those who served on the other side?

Mr. BETTMAN. Oh, yes; any man who served from April to November 11, 1918, is entitled to membership in the American Legion. The Veterans of Foreign Wars has a representative here in the person of Mr. Robert G. Woodside, who has just said that they will speak for themselves.

Senator LA FOLLETTE. Will you please name the various organizations of veterans?

Mr. BETTMAN. I do not think I could.

Senator LA FOLLETTE. There are large numbers of them?

Mr. BETTMAN. Quite a few of them; I do not know how many—probably 18 or 20.

Senator LA FOLLETTE. How many of them are represented here—what organizations are here to-day?

Mr. BETTMAN. I do not know who is here. I think only the Veterans of Foreign Wars; is that correct?

Mr. LOVENBEIN. The Rank and File Veterans' Association is represented here.

A VOICE. The Soldiers and Sailors' Legion are here.

Mr. BETTMAN. To continue, gentlemen, with just a brief outline of the scheme of this bill, it provides for an optional plan of adjusted compensation.

Senator SIMMONS. Before you enter upon that, I do not understand that your bill provides any relief of any kind to any veterans unless they are veterans of the World War?

Mr. BETTMAN. That is true. The scheme of the bill is this: It is an attempt to approximately adjust the compensation of the men who served in the World War. As the needs of those men were very diverse, the plan was to provide either for a payment in cash or an advance in the shape of an adjusted service certificate. That part of this bill was put in by the House of Representatives; it was not in the original bill propounded by the Legion. It is in the nature of an insurance for the men. It provides for no cash payment, but gives the men a certificate payable in 20 years if he lives, and payable on his death should he die; and it is the amount of his adjusted pay plus interest compounded for 20 years.

Senator McCUMBER. After three years he may borrow 90 per cent of it?

Mr. BETTMAN. Yes.

Senator McCUMBER. And after five years 80 per cent?

Mr. BETTMAN. Yes. In addition to that insurance feature of it, it has the feature that Senator McCumber has just spoken of, being the basis of the loan to the service man from the Government.

The next alternative was the alternative of taking his adjusted compensation in the shape of vocational training with the Vocational Training Board already in existence.

The next is the land-settlement feature, which is part of a project to settle the ex-service men upon the lands in the West mainly, and to aid them in acquiring their land by giving them their adjusted service pay in the shape of an advance toward that payment for their land.

Now, then, in order that the obligation to the country might be performed, and to see that the adjusted service pay was used in productive channels as far as possible, the American Legion devised the plan of making those service-pay adjustments taken in the productive channels of a greater value.

Senator SIMMONS. Pardon me just one moment: You consider this as an optional plan. But if all the veterans would see fit to take cash would they all be entitled to cash?

Mr. BETTMAN. Under the bill they would. But the answer to that is they will not all accept the option that way.

Senator WATSON. Have you any idea how many will avail themselves of these options? Is there any way to determine that?

Mr. BETTMAN. There is no way, Senator Watson, to determine that.

Senator WATSON. Have you ever sought to determine it?

Mr. BETTMAN. That is only a matter for judgment and estimation.

Senator WATSON. Certainly.

Mr. BETTMAN. Our best judgment is that the number who will take cash is small. I was just about to say that those four avenues of adjusted compensation—vocational training aid, land project, and the insurance, etc., are so sweetened in this bill 40 per cent—that is, a man will get, say, \$1.25 a day if he takes it in cash, but if he takes it in any of those other four forms he will get \$1.25 plus 40 per cent of \$1.25. The idea was to encourage the men to take it in the productive channels, to take it as home aid or as a part of payment in acquiring a home in the West, or as vocational training.

To come back to your question, Senator Watson, it is the opinion of many men who have thought of this question that in view of the

diverse needs of the men over the country, in view of the fact that these productive avenues of adjusted compensation, home aid, etc., have the attractive feature of 40 per cent more than the cash, our judgment is that not over 50 per cent of the men, if that many, will exercise their option for cash. It is only an estimate, Senator.

Senator McLEAN. Upon what do you base your judgment?

Mr. BETTMAN. We base it simply upon the greater attractiveness of the other features of the bill. The fact that 300,000 men are now trying to learn from the Interior Department how they can get farms, and they are waiting for information and showing their interest in farm and land projects as well as the men who are showing their interest in cash.

Senator McCUMBER. The farm conditions at the present time would not encourage them very much along that line, would they?

Mr. BETTMAN. Of course, many men think that is just a temporary situation.

Senator McLEAN. There has been no canvass made of the personnel at the different posts to find out what proportion would prefer cash?

Mr. BETTMAN. Such a canvass would be practically impossible. How could you take a poll before there is any assurance that the bill would be passed?

Senator SMOOT. Let me ask you a question.

Mr. BETTMAN. Yes.

Senator SMOOT. There is some organization or association—I do not know whether it is the American Legion or some other organization of the soldiers—that has taken action in this regard, and I have tabulated the post cards I have received from all over the United States as to just what the soldiers who have sent me these postal cards want, and I want to say to you that there is 98 per cent of those who have written to me who want cash. I do not know whether the organization that is asking for cash is more active than the other organizations, but 98 per cent of those sending postal cards to me from all over the United States are asking for cash.

Mr. BETTMAN. Possibly that is a propaganda against the bill; I do not know.

Senator SMOOT. Oh, no. It is not from my State alone. I know people in my State who have asked for cash not through a propaganda; it comes through other organizations and it is in the form of printed postal cards. I can show them to you by the thousands if you will come to my office.

Mr. BETTMAN. It has been presented to the men as an opportunity to state what they want.

Senator SMOOT. The men have addressed postal cards to me, and I think many of the other Senators have many of them, too, answering the question as to which one of the four propositions they wished, they have generally said "Cash"—that is, not always, but 98 per cent have said "Cash."

Mr. BETTMAN. In order to answer the question—of course, if you have conducted in your own State—

Senator SMOOT (interposing). This is not only in my own State, and I have not conducted it. I can show you postal cards from every other State in the Union.

Senator DILLINGHAM. I think that is true; I have received cards from my own State.

Mr. BETTMAN. I did not know that any such poll had been sent out. The American Legion has not undertaken such a poll. It is also indefinite as to whether the bill is going to pass or not, and it is, of course, uncertain what percentage of the men will say they prefer cash to home aid.

Senator WATSON. You have seen these postal cards, have you not?

Senator SMOOT. They are headed—

MY OPINION ON THE BONUS QUESTION.

We want you to know how the ex-service men (and folks in general here) feel about the bonus question—adjusted compensation for ex-service men. We want you to come out publicly during the coming campaign and when Congress meets again as indicated below:

I am for the bonus. I favor cash. My post is for the bonus. The name of my post is James Henderson. I find that the public here is for the bonus.

We want you to be for the bonus during the coming political campaign and when Congress meets again. We would like to have you let us know how you stand.

I have received thousands of those cards from every State in the Union. I have tabulated mine, and I say to you now that there is 98 per cent of them who are for cash.

Mr. BETTMAN. I am informed that those postal cards were sent out by the Stars and Stripes.

Senator SMOOT. It says:

This expression of opinion is made possible by the cooperation of the readers and friends of the Stars and Stripes and ex-service men everywhere.

Mr. BETTMAN. That is propaganda for the bonus. Now, then, whether or not that truly represents the ex-service men or not I do not know. The Stars and Stripes were trying to get a cash bonus, and no doubt they got expressions from men who were in favor of a cash bonus.

Senator SMOOT. This is left optional with them.

Senator SIMMONS. I think if you would discuss the other plans in a way, if you can, to show us that there would be many men receive greater benefits through some other one of your four methods than through the cash plan, I think it would help us more than merely discussing the figures as to how many you think were for cash and how many you think were for the other plan.

Senator McCUMBER. Before proceeding with that, let me say to the witness that here is a bunch of the same kind of postals Senator Smoot referred to that have come to the office of Senator Penrose. [Exhibiting package of postal cards.] I have picked out of the bunch 13 cards, of which 10 call for cash, 2 favor the loan, and 1 makes no recommendation; and possibly that will give a fair estimate of the number that wish cash.

Senator SIMMONS. I understood you to say awhile ago that you thought a great many would select one of these methods of settlement, because they would get 40 per cent more than they would if they got cash. I want you to explain to us exactly the method by which they would get this additional percentage.

Mr. BETTMAN. That is the provision in the bill.

Senator SIMMONS. Explain it to us, please. I do not catch it. I have not read the bill very carefully. I would prefer to hear you gentlemen before I do read it.

Senator McCUMBER. I have made up a very short statement of each one of these systems, and if I may read them to you——

Senator SIMMONS (interposing). Is it in the record, Mr. Chairman——

Senator McCUMBER (interposing). They have not been put in the record, but I will read them into the record now.

Senator SIMMONS. All right.

Senator McCUMBER (reading):

BONUS PLAN.

1. *Adjusted service pay.*—This pay is \$1.25 for each day of overseas service and \$1 for each day of home service; the former not to exceed \$625, the latter not to exceed \$500. Service is between April 5, 1917, and July 1, 1919.

2. *Adjusted service certificates.*—These certificates add 40 per cent to the adjusted service pay, plus interest thereon for 20 years at the rate of $4\frac{1}{2}$ per cent per annum compounded annually——

Senator SIMMONS (interposing). Let me ask the witness a question. Does that mean you would add 40 per cent to the \$1.25 before you begin?

Mr. BETTMAN. Yes, sir.

Senator McCUMBER. Let me finish putting this in, because I think it will help the committee understand this.

Senator SIMMONS. Yes.

Senator McCUMBER (reading continued):

such amount being approximately equal to 3.38 times the adjusted service pay. This sum is not to be paid until the end of 20 years, but 90 per cent may be borrowed through the Post Office Department between the third and fifth years and 80 per cent from the sixth to the twentieth year.

3. *Vocational training aid.*—The Federal Board for Vocational Education, upon certification from the Secretary of War or the Secretary of the Navy to pay to veterans designated (if not receiving benefits of vocational rehabilitation act) the sum of \$1.75 for each day of attendance on course of training, total payment not to exceed 140 per cent of amount of adjusted service pay. If payments under this section, plus amount forfeited for unjustifiable absence, is less than 140 per cent of adjusted service pay, veteran shall be entitled to receive an amount equal to difference between (1) adjusted service pay and (2) that proportion thereof which the payments made or accrued under the section providing \$1.75 for each day of attendance on a course of vocational training, plus amounts forfeited for unjustifiable absence, bear to 140 per cent of adjusted service pay, provided that from this amount shall be deducted an amount equal to the sum forfeited for unjustifiable absence.

4. *Farm or home aid.*—The national veterans' settlement board, upon certification from the Secretary of War or the Secretary of the Navy, is directed to pay to veteran, in one payment or installments, an amount equal to his adjusted service pay increased by 40 per cent.

5. *Land settlement aid.*—The national veterans' settlement board is authorized to establish projects for reclamation and settlement of lands by means of irrigation, drainage, etc. The Secretary may withdraw from location, sale, settlement, entry, or other disposition and place under control of the board such unappropriated public lands as he may deem necessary for any project, and shall restore to public entry lands so withdrawn, if subsequently board finds that such lands are not so required.

So far as practicable veterans shall be employed and services utilized in administrative and field work. The board shall establish farm units of acreage sufficient in opinion of the board to support a family, and smaller units sufficient in opinion of board for part time cultivation by a farm worker's family. These farm units or farm workers' units shall be allotted to any veteran or

repatriate who applies and whose name has been properly certified. As between applicants preference shall be given to those applicants employed on projects and to those considered less likely to fail and to cause loss to the United States.

That, in brief, is the substance of this entire bill, so far as the four projects are concerned.

Senator SMOOT. It is substantially a 20-year endowment policy.

Senator McLEAN. I would like to ask a question: It must be very clear to the witness that Congress if it enacts this law has got to provide the ways and means for carrying it out, and it is important for Congress to know whether it has got to raise two or three billions in cash or only two or three hundred millions in cash, to start with; and it seems to me to be entirely practicable for the officers in these posts throughout the country to take a canvass of the membership of each post and ascertain fairly what the choice of the membership would be, assuming that this bill is to pass. And what I would like to know is whether anything of that kind has been done. Otherwise, we have no guide—it is entirely guesswork, and we do not know whether we have got to raise billions or hundreds of millions.

Mr. BETTMAN. That point, of course, is well observed, Senator. But the situation has not yet developed to the point where such a canvass could be undertaken with great confidence. I admit that your observation might be followed out.

Instead of doing that, the American Legion has gone on record to this effect, and pledges itself to the Congress of the United States to do this: That when this bill is passed a campaign will be started by the American Legion to do all in its power to have the men exercise their option in favor of some of these productive channels rather than the pure cash bonus.

Now, then, we might do both things; we might follow your suggestion; we might say, "Well, let us take a canvass in advance, in order that the Senate might be advised." We have not had time to do that thing. But let me say this, gentlemen——

Senator LA FOLLETTE (interposing). It would be true, would it not, that maturer consideration and discussion in the various posts might change individual attitudes? If you took a census of your posts at this time there might be a large percentage of them would prefer cash and express themselves in that way, and yet the matter if thoroughly canvassed with them, and when they see the larger benefits that might be derived from some of the other options, they might change their opinions?

Mr. BETTMAN. Yes, sir.

Senator LaFollette. So that such a preliminary canvass might be very misleading?

Senator McLEAN. That is true, Senator LaFollette, but if the preliminary canvass showed that 98 per cent of the membership were now in favor of cash and that, if so, since Congress must provide the ways and means, it would be futile for us to go ahead and pass this bill without raising the money in some way.

Mr. BETTMAN. Let me make two observations.

Senator McLEAN. Where a much larger sum would be necessary than if the number was very small who wanted cash.

Mr. BETTMAN. Let me make two observations: The American Legion has 2,000,000 members; we have not 4,500,000 men in our

ranks, and there were 4,500,000 men in the service. So it would not be possible to even accomplish what you desire us to, to wit, to get a poll of every service man and woman in the United States.

Senator SIMMONS. But, do you not think the expression of 2,000,000 of the 4,500,000 could very reasonably be accepted as representing the sentiment of the polls?

Mr. BETTMAN. It might. But I do not know whether the Senator would be willing to bank legislation on that entire poll.

Senator SMOOT. I do not think your statement is quite correct. I do not think The American Legion has ever gone out and made propaganda for cash bonus, but I do believe other organizations have, and nothing but cash bonus will suit them. You know those organizations as well as I do?

Mr. BETTMAN. Yes.

Senator McLEAN. And these post cards may represent nothing but that propaganda.

Senator SMOOT. Whatever legislation is passed, Congress has got to be in a position to meet it, no matter what it costs.

Mr. BETTMAN. Yes, Senator; but in considering the policy of the project, do not determine the question of policy by a false percentage; and if you think that 98 per cent of the service men of the United States are going to vote for cash, when they can get their insurance or their vocational training or their farm or home aid or land project—if you think that 98 per cent of those men are going to take cash instead of those other options, I think that is an erroneous figure—very erroneous.

Senator SMOOT. I have not expressed myself that the veteran would take it. I am telling the situation as it has developed in the propaganda that has been started. I say, I do not think that the American Legion has started that propaganda, but I do know this, that of the postal cards that I have received 98 per cent of them say that the signers of them want cash, and that their option is for cash; that I do know.

Mr. BETTMAN. That may be true and that undoubtedly is true, but just as the Senator observed, those postals were sent out with that object in mind.

Senator McLEAN. That may be true, but it seemed to me to be a very easy matter to take a canvass of representative posts in the different States of the Union—not all of them, but you might get some basic idea that would represent or furnish the committee with information that would be valuable, because we have got to know; that is, if we pass this law we have also got to raise the funds.

Senator SMOOT. They would not be bound by whatever they said anyhow.

Mr. BETTMAN. No; and as Senator La Follette has said, you might get a more inaccurate vote, and when the thing was put up to the man you might get something different.

Senator McLEAN. But now we have no indication whatever. It seems to me it would be worth while to ascertain, if possible, to some degree the choice of the members of the Legion.

Mr. BETTMAN. I think that could very well be done.

Senator SIMMONS. I have no idea that anything like 98 per cent, under the several plans that have been discussed, would demand cash.

Senator SMOOT. Nor have I.

Senator SIMMONS. The plan is very attractive to a great many people. There is a certain element who want cash, and I think they are probably the ones who wrote these cards. I think they are representative of that particular element, and I have no doubt a canvass would show that probably the membership would be something like equally divided upon these four plans. But I do believe if it could be done without too great inconvenience by your national committee, that if you were to sound the various posts of the country—and that would not take very much time—upon this question and give us in a general way the results of their poll I think it would be very helpful to us.

Senator McLEAN. Certainly it would, if they were willing to sign their names to their choice. I think that would be rather initially connected with your propaganda that you intend to carry on afterwards in an effort to persuade them that the better choice is not to take the cash.

Mr. BETTMAN. I think it would be, and I think that can be put up to the Legion.

Senator SIMMONS. If as a result of your inquiry you can show that 75 per cent wanted cash, probably that would influence even the friends of this measure to desire to amend it so that the whole of this cash should not be paid at once, but be paid, maybe, in one, two, or three years—something of that sort.

Mr. BETTMAN. Or you might extend the time during which the men could exercise the option, which is another suggestion.

Senator WATSON. What would it cost, all cash?

Mr. BETTMAN. That is a mere matter of calculation. The War Department says that the average service was 300 days, and if there were 4,500,000 men, 300 days, at \$1.25 per day—but, of course, you know there is a limit in this bill, \$625. Three hundred days at \$1.25 is \$375, and 4,000,000 would take just 4,000,000 times that. But the committee is not going to help itself, I believe, if it assumes that such a large percentage of the men are going to take cash.

You have got to consider what these men have been through and who they are. Just a short time ago they were the great heroes of the Nation. They have not lost their capacity for judgment and clear thinking. A home means something to them; a farm means something to them; and insurance for their benefit and the benefit of those who are dependent on them means something to them.

If a poll were taken, I think it could safely be said that not over 50 per cent would take cash. But to meet the suggestion, if it will be helpful to the committee, I think such a poll might be attempted, an unbiased, nonpartisan poll, to get a reflex of the great service body. But, of course, this question has come up before the opportunity was presented to do that. The Senate Finance Committee, as we understood it, desired to know what its scheme of general taxation should be; of course, it wanted to know what its obligations were, and therefore desired to hear the American Legion.

Senator McLEAN. You realize, if you come before this committee after taking this poll with a proposition that is going to require, say, a billion and a half of cash now, with a billion and a half deficit facing the Treasury and five billion and a half more coming due in two years, that you come with a different proposition than you would if

you were asking for two or three hundred millions immediately and the rest could be deferred?

Mr. BETTMAN. Oh, yes; of course, we appreciate that.

Senator McLEAN. That would be a staggering proposition if they all wanted cash and wanted it now.

Mr. BETTMAN. One answer to that is: Are they not entitled to it? We have not approached that question.

Senator McLEAN. That may all be true. I do not think there is any disposition on the part of any Member of Congress to minimize the obligation due the American Legion. It is a question of ways and means at this time; and if you could show to us that it was not required just now, you would be in a much stronger position with your bill.

Mr. BETTMAN. Probably so. But, even after such a poll, it would still be a matter of judgment as to how many are going to exercise the option for cash and how many for home aid or the land project or vocational training.

Those other features of the bill you must keep in mind also and provide for necessary funds from the Government; for example, the vocational training provides that the men taking vocational training will be paid \$1.75 a day. The insurance feature, Title 2, would call for the expenditure of governmental money, because as soon as a man dies his adjusted service certificate would be payable, and that would call for money. Now, how are you going to estimate that kind of thing with exactitude? The Senate Finance Committee must simply exercise its judgment as to how much money is going to be needed. Of course, help might be given, as you say, by such a poll, and such a poll might be taken. But the final decision and the final exercise of judgment is the good sense and best estimation of the Senate Finance Committee.

Senator SMOOT. For instance, under the adjusted-service certificate, a man whose adjusted service is \$500 has only to wait three years and he can borrow \$491.40 on it; and there is not any doubt but what he will do that. So we have got to make up our minds that we have to provide money to meet the cost under either plan.

Senator SIMMONS. If this information was obtainable, and was gathered by you and presented, and we should find too large a percentage were going to ask cash for us to pass the bill in a certain form, we might amend it by making the other schemes a little bit more acceptable, so as to attract some of the men who under the proposed bill would want cash.

Mr. BETTMAN. Of course, such a poll would be helpful; that is admitted.

Senator SMOOT. Senator, I think under this the 40 per cent granted is all the Government ought to do, because the Government has to meet the situation in the end, and the amount of money would be a great deal more in the end than if they took cash. As a business proposition, of course, you or anybody else would not offer an increase of 40 per cent. In five years they would have a borrowing privilege of more than \$500 in cash; so that is 8 per cent increase, dividing the 40 per cent into the five years.

Mr. BETTMAN. Of course, it is an obligation of the Government.

Senator SMOOT. Absolutely; and must be paid and must be met.

Mr. BETTMAN. Our poll would not be decisive of anything; it would really leave the question for the Senate Finance Committee to determine.

Senator McLEAN. No; but if it indicated almost a unanimous choice for the cash, I should hope that the representatives of the Legion themselves—I think I know how you would feel about it—and under all the circumstances it might be fair to the country and to the legion to eliminate entirely the cash bonus and to provide some other means that would possibly satisfy under all conditions.

Senator McCUMBER. I understand from your remarks that you are about to proceed to show the justice of the demand, even though it were cash?

Mr. BETTMAN. Yes.

Senator McCUMBER. And I want to ask you a question that properly preceded that, and that is why this differentiation is made between those who served in the United States and those who were, many of them, lucky enough to get abroad. I wrote to the War Department at one time to ascertain about how many of the American soldiers were actually engaged in battle and at the battle line, and I think the response was 250,000. Then all of the balance of them, if that statement is correct—my statement was written a year or so ago—were either in the United States or were on their way or were near the battle lines. But they were all very anxious and willing to get over; all of them performed their duties as soldiers; none of them would have stayed on this side if they could have gotten over at all; and some got as far as Great Britain, some got into France, and some got to the very battle line and took part in the battle.

Now, it strikes me that all should be treated alike, and I would like to see some real reason given why we should make a differentiation between them as against those who were so eager to go over and yet because of the sudden cessation of the war were unable to go across.

Mr. BETTMAN. I am glad you asked that question, Senator McCumber. The original bill as presented by the American Legion to the House Ways and Means Committee did not contain any differentiation. The men, I think, in the service realize that those fellows who found their way to the fighting line were the lucky men, and many men were compelled—some of the very best men in aviation, for example—compelled to remain in this country in order to train others, and to differentiate against them seemed quite unfair.

That differentiation was made by the Ways and Means Committee of the House, and the best information I had was that the reason they did it was because there was such a differentiation made in the Canadian adjusted compensation bill. That is all I ever heard on that subject as to why there should be that differentiation.

Senator McCUMBER. If the matter involved the decision of the individual himself as to whether he would serve in the United States or go where there was some fighting, I could see a reason for it. But inasmuch as it involves nothing of that kind it seems to me not to be quite fair to all of the veterans.

Mr. BETTMAN. It was not in the original bill of the Legion; it was put in there by the House Ways and Means Committee. Our information, however, to observe one suggestion, is that there were quite a number more men than you have stated who went across. The estimate we have is that there were 1,800,000.



Senator McCUMBER. My question to the department was, How many actually engaged in battle? And the response, as I remember now—I am only speaking from memory—was about 250,000. But that could be established very easily.

Mr. BETTMAN. Those parts of the plan which provide for what we have called the "productive channels," it seems indisputable that no Senator or Congressman would deny to a man who had served in the Army assistance to the extent of \$1.25 a day for his service in buying a home, or in settling on the land, or improving his ability to earn his living by vocational training. It seems that those features of the bill, the advantage to the country in settling the men on the land or by getting them to be home owners, or engaging in vocational training, is so indisputable that surely the country performs not only its obligation to the ex-service men but benefits itself so much that, as to these features of the bill, the subject is scarcely debatable.

The only debatable feature, therefore, is this question of the adjusted compensation in cash. What is the basic justification for that?

These points will be expanded more by Mr. Galbraith, who will follow me.

You have to picture the situation at the time of the passage of the selective-service draft. One man was taken and told that he must go into the Army, and he served at \$1 a day; another man, by the operations of the selective-service law, remained in this country and he was getting, maybe, in civilian life \$2.50 a day, and his pay went up during the war from \$4 to \$5, or \$6 or \$7 a day, whereas the man who went into the service got his \$1 or \$1.25 a day for overseas service. There was inequality in that. In this country we did not draft labor; we paid labor the war-panic prices. There was a draft of the men for military service, but not a draft for the men for civil service; and maybe that was the best thing to do at the time; maybe nothing else could have been done. But by doing that there was a basic inequality which this adjusted compensation is an attempt to correct. It is not an entire correction; it is a partial correction of that injustice of making one man serve at a dollar a day, whereas the man who was not in the service got \$5, \$6, or \$7 a day.

Senator McCUMBER. The members of the committee now have to go on the Senate floor, and the committee will stand adjourned until 10.30 o'clock to-morrow morning, when we will meet in this room.

(Thereupon, at 11.58 o'clock a. m., the committee adjourned to meet to-morrow, Thursday, December 16, 1920, at 10.30 o'clock a. m.)

